

Message Text

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INFO ALL US CONSULATES IN MEXICO POUCH

C O N F I D E N T I A L SECTION 1 OF 3 MEXICO 910

EO 11652 : GDS
TAGS : PFOR MX US
SUBJ : CARTER/LOPEZ PORTILLO MEETING

REF : A) LUERS/AMBASSADOR JOVA TELCON JAN 23; B) MEXICO 907

THIS IS THE SECOND PORTION OF VIEWS REQUESTED REF (A).

1. INSTITUTIONAL CHANGES AND IMAGERY

MEXICO MAY BE INTERESTED IN SOME KIND OF INSTITUTIONAL STRUCTURE TO (A) DEMONSTRATE AND SYMBOLIZE HIGH LEVEL INTEREST; (B) PERMIT (AND EVEN ENCOURAGE) LINKAGE ON ISSUES WHICH OTHERWISE ARE HANDLED BY DIFFERENT AGENCIES IN BOTH COUNTRIES; AND (C) GIVE CONTINUITY TO OUR BILATERAL ECONOMIC RELATIONS. MEXICO MAY ALSO RAISE THE IDEA OF "NORTH AMERICAN INTERDEPENDENCE" (SEE MEXICO 806) AS A GUIDING CONCEPT. WE SHOULD BE PREPARED TO EXPLORE BOTH IDEAS, BEARING IN MIND, HOWEVER, THAT UNLESS CAREFULLY FORMULATED EITHER COULD RUN THE RISK OF CONSTITUTING TOO CLOSE AN EMBRACE, THEREBY AROUSING INTERNAL POLITICAL OPPOSITION IN MEXICO. WHILE LOPEZ PORTILLO IS A BETTER JUDGE THAN WE OF HIS POLITICAL DIFFICULTIES AT HOME, WE THINK THE TONE TO BE ENCOURAGED WOULD AVOID SLOGANS OR SYMBOLS AND CONCENTRATE INSTEAD ON A QUIET BUSINESSLIKE APPROACH. A SECOND PRESIDENTIAL MEETING WITHIN SIX MONTHS MAY BE THE BEST METHOD OF ACHIEVING THESE OBJECTIVES. (THE
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POSSIBILITY OF PRESIDENT CARTER VISITING MEXICO DURING THE FORTHCOMING WORLD OF FRANKLIN AND JEFFERSON MAJOR EXHIBITION (APRIL 15-JUNE 15) SHOULD BE KEPT IN MIND. IT WOULD PROVIDE A PARTICULARLY APPROPRIATE MATRIX FOR A VISIT.

2. ECONOMIC ISSUES

A. USG FINANCIAL ASSISTANCE

GOM BELIEVES THAT MAJOR USG FINANCIAL ASSISTANCE A LA MARSHALL PLAN IS NOT FEASIBLE, BUT IT MAY REQUEST USG ASSISTANCE FOR GOM'S EFFORTS TO RAISE MONEY IN PRIVATE CAPITAL MARKETS. IT IS POSSIBLE THAT JLP COULD ASK FOR MORE SHORT-TERM FINANCIAL ASSISTANCE IN THE FORM OF FEDERAL RESERVE OR TREASURY SWAPS. (A MORE AMPLE CABLE BASED ON A TALK WITH RAFAEL IZQUERDO, THE PRESIDENT'S ECONOMIC ADVISER, WILL FOLLOW.)

B. PEMEX'S FINANCING NEEDS

MEXICAN OIL POLICY UNDER JLP STRESSES MORE RAPID DEVELOPMENT OF RESOURCES AND SUBSTANTIAL CRUDE EXPORTS, A POLICY FAVORABLE TO OUR INTERESTS. JLP MAY RAISE THE QUESTION OF ESTABLISHING A LARGE, OPEN LINE OF CREDIT WITH EX-IM BANK THAT IT COULD USE AS IT SEES FIT RATHER THAN HAVING TO JUSTIFY BORROWINGS ON AN INDIVIDUAL PRODUCT BASIS. WE SHOULD RESPOND AS FAVORABLY AS POSSIBLE, WHILE SEEKING TO INSURE THAT SUCH CREDITS ARE USED PRODUCTIVELY.

C. CIVIL AIR AGREEMENT

THE CIVIL AIR AGREEMENT, AS PRESENTLY EXTENDED, EXPIRES APRIL 30. ALTHOUGH WE HAVE NO SPECIFIC INDICATION OF THIS, MEXICO MAY ASK TO NEGOTIATE A NEW AGREEMENT. THERE SEEMS TO BE A MORE REALISTIC ATTITUDE ON THE PART OF THE NEW GOVERNMENT WITH RECOGNITION THAT TOURIST DEVELOPMENT AND INCREASED AIR ROUTES ARE DIRECTLY INTER-LINKED.

D. FOREIGN INVESTMENT

WE SHOULD RECOGNIZE MEXICO'S POLICY OF REGULATING FOREIGN INVESTMENT BUT SUGGEST THAT FLEXIBILITY IN IMPLEMENTING THEIR LAWS (PARTICULARLY PATENTS AND TRADEMARKS, WHICH MAY VIOLATE THEIR INTERNATIONAL OBLIGATIONS) CONFIDENTIAL

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WILL HELP RESTORE A CLIMATE WHICH ATTRACTS INVESTMENT.

E. \$200 TOURIST EXEMPTION AND RELAXATION OF RESTRICTIONS ON TAX DEDUCTIBLE CONVENTIONS OUTSIDE THE US WHILE THESE ITEMS WOULD NOT MAKE A MAJOR CONTRIBUTION TO ALLEVIATING MEXICO'S OVERALL ECONOMIC PLIGHT, FAVORABLE ACTION WOULD BE IMPORTANT POLITICALLY AND SYMBOLICALLY AS WELL AS AN ECONOMIC STIMULUS TO TOURISM.

F. GREATER ACCESS TO US MARKETS

MEXICO MAY ASK FOR GREATER ACCESS FOR ITS AGRICULTURAL GOODS, PARTICULARLY TROPICAL AND TRUCK GARDEN PRODUCTS AND NEW GSP ITEMS. THE GOM MAY ALSO ASK FOR A COMMITMENT TO ACT FAVORABLY ON A NUMBER OF TARIFF AND QUOTA PROBLEMS. WE SHOULD BE ABLE TO HELP ON AGRICULTURAL PRODUCTS (PARTICULARLY GIVEN FLORIDA CROP LOSS), BUT WITH REGARD TO ALL OTHER QUESTIONS UNDER THIS HEADING WE SHOULD PRESS THE GOM TO BE SPECIFIC AS TO THOSE ITEMS FOR WHICH THEY WISH SPECIAL CONSIDERATION.

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C O N F I D E N T I A L SECTION 2 OF 3 MEXICO 910

ILLEGAL MIGRATION

A. MEXICAN POSITION

WHILE THERE IS SOME SUPPORT WITHIN THE JLP ADMINISTRATION FOR REVIVING THE BRACERO PROGRAM, WE BELIEVE THAT THE MEXICAN PRESIDENT WILL SUPPORT HIS PREDECESSOR'S POSITION THAT THE SOLUTION IS LONG-TERM AND DEPENDS ON MEXICO'S ABILITY TO IMPROVE ECONOMIC CONDITIONS AND EMPLOYMENT OPPORTUNITIES IN THE RURAL SECTOR. LOPEZ PORTILLO IS LIKELY TO ARGUE THAT THE BEST WAY OF COPING WITH THE PROBLEM WOULD BE FOR THE US TO ASSIST MEXICAN ECONOMY THROUGH A VARIETY OF INDIRECT MEASURES IN THE TRADE FIELD. IN RETURN, HE MAY STATE THAT MEXICO IS ACCELERATING ITS FAMILY PLANNING PROGRAMS TO RELIEVE DEMOGRAPHIC PRESSURES IN THE RURAL SECTOR. FINALLY, TO FORECLOSE ANY UNILATERAL US ACTIONS (I.E. ADOPTION OF THE RODINO BILL OR A LARGE-SCALE INS DEPORTATION PROGRAM) JLP IS LIKELY TO URGE THAT BOTH GOVERNMENTS REACTIVATE THE JOINT COMMISSION ON ILLEGAL MIGRATION AND THUS ADOPT A BILATERAL AND COOPERATIVE APPROACH TO COPING WITH THE PROBLEM.

B. US POSITION

THE UNITED STATES' POSITION ON THIS QUESTION IS COMPLICATED BY DOMESTIC POLITICAL FACTORS AND BY THE ABSENCE OF SOUND STATISTICS ON THE REAL MAGNITUDE AND IMPACT OF THE PROBLEM IN THE UNITED STATES. WHATEVER UNILATERAL MEASURES THE USG COULD ADOPT IN THE

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SHORT TERM WOULD HAVE A NEGATIVE POLITICAL IMPACT ON OUR

RELATIONS WITH MEXICO WITHOUT TOUCHING THE UNDERLYING DEMOGRAPHIC AND ECONOMIC FACTORS IN MEXICO THAT ARE THE ROOT OF THE PROBLEM. A MEASURE SUCH AS THE RODINO BILL MAY EVENTUALLY PROVE NECESSARY, BUT IT SHOULD CONCENTRATE ON PREVENTING FURTHER ILLEGAL MIGRATION RATHER THAN ON CARRYING OUT MASSIVE DEPORTATION, WHICH IS WHAT MEXICO MOST FEARS. FOR THE PRESENT, WE SHOULD INTENSIFY COOPERATIVE BILATERAL EFFORTS TO ASSESS THE MAGNITUDE OF THE PROBLEM AND SHOULD AVOID, TO THE EXTENT POSSIBLE, STRONG UNILATERAL MEASURES THAT WOULD COMPLICATE JOINT EFFORTS. ATTITUDE IN MULTILATERAL FORA

LOPEZ PORTILLOS'S PRAGMATIC RECOGNITION OF THE NEED FOR BETTER RELATIONS WITH THE US SHOULD SERVE TO MUTE THE THIRD WORLD RHETORIC THAT CHARACTERIZED FOREIGN POLICY UNDER ECHEVERRIA AND ENSURE MORE CONSISTENCY IN MEXICAN STATEMENTS REGARDING THE US. WHILE THE TONE IN WHICH MEXICAN POLICY IS ENUNCIATED MAY BE LESS CONFRONTATIONAL AND THE SUBSTANCE MAY REFLECT A MORE CAREFUL WEIGHING OF THE COSTS AND BENEFITS OF A GIVEN POSITION, MEXICO'S APPROACH IN INTERNATIONAL MEETINGS ON IDEOLOGICAL ISSUES THAT INVOLVE NORTH-SOUTH QUESTIONS(E.G. THE NEW INTERNATIONAL ECONOMIC ORDER ISSUE THAT IS THE NUB OF THE MEXICAN POSITION ON CERDS AND IS INVOLVED IN OAS CHARTER REVISION) IS UNLIKELY TO CHANGE SIGNIFICANTLY.

NOTWITHSTANDING OUR DIFFERENCES, HOWEVER, WE FORESEE GREATER POSSIBILITY UNDER LOPEZ PORTILLO FOR PRODUCTIVE CONSULTATION AND EVEN COMPROMISE ON MULTILATERAL ISSUES OF WHICH EVEN THE LAW OF THE SEA MAY BE ONE. THE DEGREE TO WHICH THE UNITED STATES RESPONDS FAVORABLY TO MEXICO'S PRINCIPAL CONCERNS (TRADE, INDIRECT FINANCIAL ASSISTANCE AND INVESTMENT) COULD WELL AFFECT MEXICO'S ATTITUDE ON A VARIETY OF INTERNATIONAL ISSUES. WHILE ANY OVERT ATTEMPT TO LINK US ECONOMIC SUPPORT TO A CHANGE IN MEXICAN POLICY ON MULTILATERAL ISSUES WOULD BE SELF-DEFEATING, IT MIGHT BE USEFUL FOR ADVISORS

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OF THE TWO PRESIDENTS TO ENGAGE IN A SEPARATE REVIEW OF PENDING INTERNATIONAL ISSUES OF INTEREST TO BOTH COUNTRIES. POPULATION

ON THIS SENSITIVE ISSUE, VITAL TO LONG-RANGE US INTERESTS, WE SHOULD RECOGNIZE POPULATION CONTROL IS AN INTERNAL MEXICAN MATTER AND THAT THE APPEARANCE OF US INTERFERENCE WOULD BE HAZARDOUS POLITICALLY. NONETHELESS, WE SHOULD MAKE CLEAR TO PRESIDENT LOPEZ PORTILLO THAT THE IMPLICATIONS OF MEXICO'S HIGH GROWTH RATE (DESPITE SOME PROGRESS) FOR PROBLEMS THAT IMPACT ON THE UNITED STATES IS SO GREAT WE ARE PREPARED

TO ASSIST MEXICO IN ANY AND IN ANY AMOUNT THAT MEXICO IS PREPARED TO ACCEPT.

NARCOTICS

WE SHOULD SIMPLY MAKE CLEAR THE CONTINUED CLOSE COOPERATION ON THE NARCOTICS ISSUE REMAINS OUR TOP SHORT-TERM PRIORITY. ON BOTH THE POPULATION PROBLEM AS REFLECTED IN ILLEGAL MIGRATION AND ON THE NARCOTICS PROBLEMS, THERE SHOULD BE RECOGNITION OF THE VALIDITY OF THE MEXICAN POINT OF VIEW THAT THE "PUSH-PULL FACTOR" IS A BASIC PART OF THE EQUATION REFLECTED BY DEMAND IN THE US FOR MEXICAN LABOR AND FOR NARCOTICS. REASSURANCE THAT THE US IS PREPARED TO DO ITS SHARE DOMESTICALLY ON BOTH THESE PROBLEMS WILL BE HELPFUL.

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C O N F I D E N T I A L SECTION 3 OF 3 MEXICO 910

TREATY FOR THE EXECUTION OF PENAL SENTENCES
ON DECEMBER 30, 1976, THE MEXICAN SENATE RATIFIED THE
TREATY WITH THE UNITED STATES FOR THE EXECUTION OF PENAL
SENTENCES, THEREBY LEAVING THE NEXT MOVE UP TO THE US.
ON THE MEXICAN SIDE, IT REMAINS FOR THE PRESIDENT TO
SIGN THE RATIFICATION. ON THE UNITED STATES SIDE, THE
TREATY IS PENDING SUBMISSION TO THE SENATE. ANY
ENABLING LEGISLATION WHICH MAY BE DEEMED NECESSARY WILL
BE SENT TO THE HOUSE AND THE SENATE. RATIFICATION AND
IMPLEMENTATION OF THE TREATY BY THE UNITED STATES WOULD
SIGNIFICANTLY HELP TO BETTER UNITED STATES/MEXICAN RE-
LATIONS BY REDUCING THE NUMBER OF AMERICAN PRISONERS IN
MEXICO, MANY OF WHOM CLAIM THAT THEIR HUMAN AND LEGAL
RIGHTS HAVE BEEN VIOLATED BY THE MEXICAN AUTHORITIES.
IMMIGRATION ACT AMENDMENTS OF 1976
MEXICO REACTED UNFAVORABLY, BUT NOT VEHEMENTLY, TO
AMENDMENTS TO THE IMMIGRATION ACT (EFFECTIVE JANUARY 1,
1977) THAT WILL REDUCE THE NUMBER OF MEXICAN IMMIGRANT
VISAS ISSUED ANNUALLY BY ABOUT ONE-THIRD TO 40,000.
ESTABLISHING A LARGER NUMBER OF VISAS FOR MEXICO

(AS HAS BEEN SUGGESTED) WOULD BE WELL RECEIVED IN MEXICO
AS EVIDENCE OF US RESPONSIVENESS TO MEXICAN INTERESTS,
BUT WOULD DEVIATE FROM THE PRESENT POLICY OF EQUAL
TREATMENT FOR ALL COUNTRIES.
MEXICAN PAROLE LEGISLATION
A BILL IN THE LAST MEXICAN CONGRESS RESTORING ELIGIBILITY
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FOR PAROLE TO PERSONS CONVICTED OF DRUG OFFENSES DID NOT
GET OUT OF COMMITTEE ALLEGEDLY BECAUSE SOME CONGRESSMEN
FEARED THAT ITS PASSAGE WOULD RESULT IN NUMEROUS UNRE-
HABILITATED MEXICAN DRUG OFFENDERS BEING PUT ON THE
STREET OR THAT PERMITTING PAROLE TO DRUG OFFENDERS WOULD
WEAKEN THE ANTI-NARCOTICS CAMPAIGN. WE HAVE
ALSO BEEN TOLD THAT LOPEZ PORTILLO WISHES TO DISCUSS
THIS WITH PRESIDENT CARTER TO ENSURE THAT MEXICAN ACTION
ON THIS MATTER WOULD NOT STIMULATE US CRITICISM OF
MEXICO FOR REVERSING ITS ANTI-NARCOTICS STAND.
HAD THE LEGISLATION PASSED, ABOUT 140 OF 493 AMERICANS
IMPRISONED FOR DRUG OFFENSES WOULD HAVE BEEN IMMEDIATELY
ELIGIBLE FOR PAROLE. THE NEXT MEXICAN CONGRESS WILL NOT MEET
UNTIL SEPTEMBER 1977, ALTHOUGH IT COULD CONSIDER PAROLE
AT A SPECIAL SESSION.
WHILE ITS OWN PAROLE LEGISLATION IS A STRICTLY MEXICAN
INTERNAL MATTER, PAROLE FOR AMERICAN DRUG OFFENDERS IN
MEXICAN JAILS, IF THE MEASURE WERE ENACTED, WOULD BE OF
HELP IN REDUCING THE US PRISONER POPULATION. IF THE
MEXICAN SIDE RAISES THE PAROLE QUESTION, WE SHOULD INDICATE
THAT GOM ENACTMENT SHOULD HELP ALLEVIATE A TROUBLESOME PROBLEM.

ASSAULTS ON UNITED STATES TOURISTS IN MEXICO
THE US NEWS MEDIA, WITH ITS ATTENTION ALREADY CALLED TO
MEXICO BY AMERICAN PRISONERS AND LAST YEAR'S JEWISH
BOYCOTT OF MEXICO, RECENTLY HAS BEEN GIVING HEAVY PLAY TO
ALMOST ANY INCIDENT ADVERSELY AFFECTING AMERICANS IN
MEXICO. ATTACKS ON AMERICAN TOURISTS HAVE BEEN MOST
FREQUENT IN THE MEXICAN STATE OF SINALOA, AND CAUSED A
GENERAL WARNING ABOUT CONDITIONS THERE. WHILE THE
MEXICAN GOVERNMENT HAS REACTED WITH CLAIMS OF A US
PRESS "CAMPAIGN" AGAINST MEXICO, IT HAS ALSO RESPONDED
POSITIVELY THROUGH TAKING MEASURES TO INSURE THE SAFETY
OF TRAVELERS, ESPECIALLY IN SINALOA.
LOPEZ PORTILLO MAY WELL SEEK SOME KIND OF USG ENDORSEMENT
OF THE GOM VIEW THAT MEXICO IS A SAFE PLACE TO TRAVEL.
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WHILE WE SHOULD LET THE GOM SPEAK FOR ITSELF ON THIS
ISSUE, WE BELIEVE THE RECENT VISIT OF MRS. CARTER TO
MEXICO AND MRS. LOPEZ'S TRIP TO WASHINGTON. AS WELL
AS THE LOPEZ PORTILLO VISIT ITSELF, WILL HELP
RESTORE THE IMAGE MEXICO WISHES TO HAVE IN THE US.
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